



# An Overview of the Affordable Care Act

# ACA Has Three Main Goals

- Expands health insurance. 95% of all Americans covered by 2016
- Strong regulations of the insurance industry
- Cost containment, particularly for Medicare

# Expansion of Health Insurance

- Beginning in 2014, expands Medicaid to 133 % of the FPL, an estimated 122,000 to 157,000 low-income West Virginians.
- Federal government pays almost all of the costs (95.9%).

# Expansion of Health Insurance

- Creates state health exchanges for individuals and small businesses.
- An exchange is a marketplace that allows consumers to compare and choose policies that best suits their needs. Policies offered through a web site, 1-800 number, or in person.

# Health Exchange

- Significant tax credits for individuals between 100% and 400% of the FPL. An estimated 178,000 West Virginians will qualify for premium tax credits in the exchange.

# An Example of Tax Credits for Individuals in the Exchanges

- Family of four with annual income of \$55,000. They pay \$345 a month in premiums and the tax credits equal \$840 a month.
- Additional tax credits to assist with deductibles and copayments plus out-of-pocket maximum protection.

Source: Kaiser Family Foundation's Subsidy Calculator: [www.kff.org](http://www.kff.org)

# Insurance Reforms for Plan Year Beginning After September 23, 2010

- End pre-existing conditions for children
- Young adults can stay on their parent's policy until age 26
- Prohibits lifetime caps and limits annual caps on benefits

# Insurance Reforms 2014

- An end to pre-existing conditions
- An end to gender underwriting
- Guarantee issuance and renewal

# Individual Responsibility

- Beginning in 2014, individuals must have health insurance or pay a penalty.
- Without individual responsibility, we cannot adopt the major insurance reforms.

# Cost Containment Continued

- **Payment reform – moving from fee-for-service to payment that promotes quality and coordination of care**

# Emphasis on Prevention and Primary Care

- All new plans must cover and may not charge for preventive services that are clinically appropriate.
- Doubles appropriations to community health centers and National Health Service Corp.

# How Is the ACA Is Paid For?

- Through a combination of tax increases (\$438 billion over ten years)
- And a reduction in the growth of Medicare (\$533 billion over ten years)

# Reduction in the Growth of Medicare

- These reductions reduce the annual growth in Medicare from 6.8% to 5.5%, according to the Commonwealth Fund

Commonwealth Fund: The Impact of Health Reform  
on Health System Spending, May 2010